

COMMISSIONERS APPROVAL

ROKOSCH *JRH*

GRANDSTAFF *cg*

THOMPSON *AT*

CHILCOTT *gc*

DRISCOLL *kd*

PLETTENBERG (Clerk & Recorder)

Date.....August 13, 2007

Members Present.....Commissioner Jim Rokosch,
Commissioner Carlotta Grandstaff, Commissioner Alan Thompson Commissioner Greg
Chilcott and Commissioner Kathleen Driscoll

Minutes: Beth Farwell

The Board met for City and County Collaboration on MDOT Hamilton area
transportation plan. Planning Director Karen Hughes was present.

Commissioner Rokosch called the meeting to order and gave a brief summary of the plan.

Karen explained it would be funded by a grant which both the County and the City would
match the funds up to 15%. Commissioner Rokosch discussed the total cost for the
County. He stated the Board should consider funding up to 15% of the grant. Brief
discussion followed regarding the exact contribution from the County. Commissioner
Thompson asked if the total could be capped at \$15,000. The Board agreed. Karen stated
she added the amount to her budget as a precautionary measure.

**Commissioner Grandstaff made a motion to approve up to 15% of the total cost not
to exceed \$15,000 between the City and County on the MDOT Hamilton Area
Transportation Plan. Commissioner Driscoll seconded the motion, all voted 'aye'.**

Commissioner Chilcott requested either Karen or an experienced planner be a point of
contact for the inter-local agreement between MDOT and the City of Hamilton. The
Board agreed to initiate the collaborative plan with funding and then pursue an inter-local
agreement when the State approves the grant.

The Board met with Dave Bull from Forest Service for a fire update. Dave explained the
Tin Cup fire is now 100% contained.

The Board met for discussion and decision on the proposed Management and Planning Research Contract for Fiscal Impacts. Present were Planning Director Karen Hughes and City Planning Director Dennis Stranger.

Commissioner Rokosch called the meeting to order. He reviewed the proposal submitted by Dennis. (See Attached)

Commissioner Rokosch asked if it was Dennis' recommendation to separate Capital Improvements Program analysis first rather than try to include it with the fiscal impact analysis. Dennis replied that was his intention. The cost is for providing services to the residents of the County. Capital expenditures are typically excluded because they are one-time expenditures whereas Fiscal Impacts are ongoing. This will show a net fiscal balance.

Commissioner Chilcott asked if it could be an operating reserve. Dennis stated ordinarily during budget there are different levels of reserves. You could add a line item for reserve funds. In this case they are trying to get a handle on the fiscal impact analysis. Commissioner Chilcott asked in regard to impact fees and capital costs, what would the fiscal impact analysis demonstrate? Dennis replied it would address fiscal impact mitigation. He would want to further research recurring fiscal expenditures.

Commissioner Grandstaff stated this is a fiscal impact analysis to see what exactly the impacts of these subdivisions are. Brief discussion followed.

Dennis stated there are numerous items to be taken into consideration when doing a fiscal impact analysis. He explained to the Board the steps necessary to be taken. Commissioner Rokosch stated by the discussion heard today, the Board should implement the Management and Planning research Contract for Fiscal Impacts.

Commissioner Grandstaff asked at what point is it implemented. Karen replied it could be included in the Planning Staff Report. Commissioner Grandstaff asked if the subdivision regulations have to be amended. Karen replied it is better to have them as standards, amending the regulations. Dennis stated he could use a subdivision as an example of how the fiscal impact analysis could be utilized.

Commissioner Chilcott asked how often a fiscal impact analysis would need to be done in order to keep it current. Dennis replied it should be updated yearly to reflect the current budget. He recommended using the previous year's fiscal budget.

Karen stated the necessary regulation revisions be built into the scope of work. The Board concurred with Karen. Discussion followed regarding possibilities. Dennis recommended the County come up with a geographical area and why it would cost more to raise or lower the costs. Karen stated there are some items missing such as sewer districts, ambulance services etc.

Dennis stated he would like to revise the proposal based on the discussion heard today before the Board makes a final decision.

Commissioner Driscoll made a motion to accept the scope of work from Dennis Stranger for a Fiscal Impact Model in the amount of \$9,000 plus expenses as approved by the Board. Commissioner Grandstaff seconded the motion, all voted 'aye'.

July 30, 2007

Ravalli County Board of County Commissioners
215 South 4th Street, Suite A
Hamilton, Montana 59840

RE: **Fiscal Impact Model**

Commissioners:

Pursuant to your request, I am pleased to submit this proposal for consulting services for the preparation of a fiscal impact model to be used to gauge the effects of new subdivision developments on Ravalli County revenues and expenditures. The following Scope of Work is an outline of the tasks to be undertaken for the preparation of the fiscal impact model. The Scope of Work is followed by the Level of Effort section including the estimated costs of completing the project.

SCOPE OF WORK

Task 1. County Budget Analysis

1-A Budget Organization

The *Ravalli County 06/07 Budget* is divided into nearly one hundred funds. Some of the funds are used merely to account for special purpose monies, one time revenues or grants. Examples of such funds are #2250 - Impact Fee Study or #2925 VEST Grant.

In order to analyze the budget preparatory to developing the fiscal impact model it will be necessary to organize the various funds and departments within funds according to the overall purpose of the fund accounting. Once the budget markers are established it will be possible to instantly identify budget responsibilities by elected official or department head for any particular fund or divisions within funds. For example, all of the budget items assigned to the Sheriff or the County Commissioners could be grouped and further assigned functional classifications such as General Government or Public Safety. One-time revenues and capital expenditures will be segregated in order to determine the ongoing operating costs which are the core of fiscal impact analysis.

1-B Account for Interfund Transfers

There are several interfund transfers in the budget. The PILT Fund, for example, was budgeted to receive \$1.5 million in the 06/07 Budget. All of the PILT revenues were budgeted to be transferred out of the PILT fund to other budget funds. To the extent the PILT monies may eventually have been used to fund operating expenses, it is necessary to track the fund transfers and account for the funds in the fiscal impact model. A to/from matrix of fund transfers will be prepared (if one is not available) to track the fund transfers and evaluate the uses of the transferred funds.

1-C Identify Project-Related Service Delivery Costs and Revenues

Fiscal impact analysis is primarily the analysis of service delivery costs (operating expenditures) compared to revenues. Since the focus of the model will most likely be residential subdivisions, the service delivery costs may be normalized and expressed in per capita or per household terms. Department heads and elected officials will be interviewed to help determine the various driving forces behind the service delivery costs and to estimate the residential demand for services.

Appropriate revenues will also be projected in similar terms. Certain revenues, such as property taxes, will be projected independently of average revenue methodology and will be based on project specific parameters and variables.

Capital expenditures are not typically considered in fiscal impact analysis but are usually addressed in Capital Improvements Programs and Impact Fee analysis. The Board has expressed interest in addressing the costs of recurring capital expenditures as part of the general subject of fiscal impact analysis. This may result ultimately in the formulation of some form of a capital expansion fee exaction or impact fees and merits further discussion with the Board, other elected officials and County department heads.

?
- ? best
to do
separately
w/ CIP

Task 2. Construct A Fiscal Impact Model

A Fiscal Impact Model will be developed that will project annual revenues and expenditures and the net fiscal balance (revenues minus expenditures) for a proxy project. It is very difficult and expensive to construct a general model that can address any type of project automatically. By developing a model that will mirror a typical subdivision (the proxy statement), it will be possible to substitute different subdivision development scenarios for the hypothetical subdivision. This will allow the County to evaluate different residential subdivisions for minimal cost using the model.

- ? extrapolated

There are several issues that will need to be addressed in the model. The planning horizon for the projections should encompass a realistic development period for large developments. Shorter development periods can also be evaluated without modifying the model.

Fiscal impact models typically are constructed using either average or marginal cost approaches. It is anticipated that the Ravalli County model will generally be based on average cost methodology with some marginal cost elements. This approach assumes that, on average, service

delivery costs are consistent throughout the County although some exceptions may be appropriate. *- Public Safety*

Property taxes will need to be projected for each of the levied funds. Property tax rules will be incorporated into the model including the various assessment ratios for qualified and unqualified agricultural lands. The model will be based on present value assumptions which will minimize the effects of the offsetting homestead exemptions and variable property tax rates as well as phase in rules. The property tax component of the model will obviously require particular attention. *? - how will these be accounted for*

A report will be prepared describing the model including the assumptions used in the model. An explanation of the proxy project in fiscal terms and in the context of the model and the fiscal impacts analysis of the proxy project will be included in the report.

LEVEL OF EFFORT

The estimated level of effort required to complete the tasks outlined in the above tasks is 100 to 120 hours. My hourly billing rate is Seventy-Five Dollars (\$75.00) per hour. Therefore, the estimated cost for preparation of the Ravalli County Fiscal Impact Model is Seven Thousand, Five Hundred to Nine Thousand Dollars (\$7,500.00 to \$9,000.00). It is proposed that the work be performed on an hourly basis plus expenses. It is further proposed that the work effort not exceed one hundred twenty (120) hours without further authorization from the Board. Expenses, including copies and data acquisition costs will be billed at actual cost. *↳ detail + limit*

I appreciate the opportunity to submit this proposal for professional consulting services and look forward to working with the Board as the project evolves. If you have any questions or require additional information, do not hesitate to contact me.

Very truly yours,

Dennis Stranger
Dennis Stranger